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Proposed programme budget for the biennium 2014-2015

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Fifth progress report on the enterprise resource planning project

Eighth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the fifth progress report of the Secretary-General on the enterprise resource planning project (A/68/375 and Add.1) submitted pursuant to General Assembly resolution 64/243, in which the Assembly requested the Secretary-General to continue to ensure that the Assembly is kept informed, on an annual basis, of the progress regarding the enterprise resource planning project (Umoja). The Committee also had before it the second annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system (A/68/151), submitted pursuant to General Assembly resolution 66/246.

2. During its consideration of the above-mentioned reports, the Advisory Committee met with the Under-Secretary-General for Management, the Umoja Project Director and other representatives of the Secretary-General who provided additional information and clarification, concluding with written responses received on 29 October 2013. The Committee also had an exchange with the members of the Audit Operations Committee.

3. The Secretary-General reports that Umoja Foundation was successfully implemented at the pilot sites of the United Nations Interim Force in Lebanon (UNIFIL) and the Office of the United Nations Special Coordinator for Lebanon (UNSCOL) and in their supporting offices at Headquarters on 1 July 2013. As it was concluding its consideration of the item, the Advisory Committee was informed that Umoja Foundation had also been successfully launched on 1 November 2013 at

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cluster I entities, comprising 14 peacekeeping missions and the Regional Service Centre at Entebbe, Uganda. **The Advisory Committee welcomes the progress achieved thus far. It commends the Umoja project owner, Steering Committee and project team as well as the implementing offices/field missions and all departments/offices involved for the efforts made towards the implementation of Umoja Foundation at the pilot sites and at the peacekeeping missions (cluster 1). In the light of the difficulties encountered by the project since its inception, the Committee considers this initial deployment of Umoja Foundation to be a key milestone in the life cycle of the project, which should provide Member States with some assurance as to the effectiveness of the project leadership and the viability of the system.**

4. **Notwithstanding the above, the Advisory Committee notes from the reports of both the Secretary-General and the Board of Auditors that significant challenges and risks to the project remain, which must be addressed if the enterprise resource planning system is to deliver its full scope and functionality and the envisaged qualitative and quantitative benefits within the existing forecasts of time and cost. The Committee recommends that the General Assembly request the Secretary-General to closely monitor the design, build and deployment of the different phases of Umoja, as approved by the Assembly in its resolution 67/246, and ensure strict management of the implementation timetable and costs of the project. The Committee further recommends that the Assembly request the Secretary-General to keep under continued review the adequacy of project governance, oversight and risk management, as well as of the level of cooperation and coordination throughout the Secretariat.**

II. Second annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system

5. The report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system (A/68/151) contains its findings and recommendations following its second annual audit and an assessment of the project conducted in April 2013, covering the period from April 2012 to April 2013. The report also reflects updates provided by the Secretariat through the end of June 2013. The Board indicates that it did not review the enterprise resource planning system in operation after the launch of the pilot at UNIFIL and UNSCOL, and therefore offers no assurance as to the effectiveness or functionality of the system.

6. The overall assessment of the Board of Auditors is that there has been good progress since its previous report in the area of project governance, in completing the design and build of the technical solution for Umoja Foundation and in deploying the system in two pilot sites in July 2013, as planned. It notes that significant efforts have been made by the enterprise resource planning project in the past year to catch up on lost time and to make progress in the implementation of the system.

7. The Board of Auditors also notes the positive response given by the Secretariat to its previous report and the steps taken by the Secretariat to address many of its concerns. Annex IV of the report of the Board provides an analysis of the status of

the implementation of the recommendations issued for the year ended 31 December 2012 (A/67/164). An update is also provided in the fifth progress report of the Secretary-General on the enterprise resource planning project (A/68/375, paras. 9 and 10). As indicated, of the 13 recommendations issued, 3 (23 per cent) are fully implemented, 9 (69 per cent) are under implementation, and the implementation of 1 has to be started.

8. The Board of Auditors continued to assess the implementation of the enterprise resource planning system and presented its findings in the following five key areas: (a) desired outcomes; (b) business transformation; (c) project management; (d) project assurance; and (e) governance. The Board highlighted the need to focus on better use of data from the system to deliver benefits; develop strategies to fully exploit the potential to achieve more efficient and effective administrative processes; ensure that process owners have the authority or supporting management system required to ensure consistent ways of working across the fragmented and decentralized organizational structure of the Secretariat; agree on a future service delivery model for the United Nations; develop a detailed and fully integrated project plan that links the budget to milestones and deliverables; develop an overarching commercial strategy to address the complexity of the commercial arrangements of the project, which includes multiple build vendors; and subject key aspects of the project, including the revised timetable and budget, to regular systematic and independent challenges in order to provide project assurance.

9. The observations of the Advisory Committee regarding specific findings of the Board of Auditors are provided in the relevant section of the present report.

III. Fifth progress report of the Secretary-General on the enterprise resource planning project

A. Project governance and oversight

10. **The Advisory Committee recalls that the Under-Secretary-General for Management, as Chair of the Umoja Steering Committee and project owner, is accountable for the project.**

11. The action taken to strengthen ownership and accountability is outlined in paragraphs 2 to 8 of the report of the Secretary-General (A/68/375). The Secretary-General states that there is a clearer definition of roles, responsibilities and accountability. In particular, the role of the process owners has been strengthened through the issuance of a memorandum from the Secretary-General to all heads of departments/offices requesting them to collaborate with the process owners and to prioritize the activities necessary for the successful implementation of Umoja. In order to ensure accountability for the success of the project, the senior manager compacts have been modified to stipulate that departments and offices will carry out preparatory activities in accordance with the Umoja deployment schedule and will absorb the cost of all departmental activities not included in the Umoja budget as part of the operational responsibilities of the user departments that perform the functions. The Secretary-General also states that the Steering Committee is functioning better: it monitors strategic risks closely, ensures that decisions are taken to mitigate the risks in a timely manner, actively identifies possible future issues and ensures that the needs of the project are appropriately addressed across

the Organization. An updated Umoja governance model is provided in annex I to the report of the Secretary-General.

12. The Board of Auditors is encouraged that the Secretariat has taken a number of steps to improve the governance of the project, including: (a) designation of the Under-Secretary-General for Management as the project owner; (b) appointment of a permanent project director for the project at the Assistant Secretary-General level, reporting to the Under-Secretary-General for Management; (c) inclusion of Umoja-related objectives and performance measures in the 2013 senior manager compacts; and (d) designation of five process owners with responsibility for the implementation of Secretariat-wide business processes in their area of expertise and benefits realization. While recognizing the improvements made, the Board is of the view that more needs to be done to empower the process owners and ensure that they have the necessary authority to enforce consistent ways of working across the Secretariat. The Board recommends that the project team provide status updates to the Steering Committee that reflect uncertainty levels relating to forecasts concerning cost, time and quality to support better-informed decision-making (see A/68/151, paras. 106-112).

13. **The Advisory Committee notes the actions taken to strengthen the governance arrangements for the project in response to General Assembly resolution 66/246. It reiterates the critical importance of ensuring robust governance, oversight and accountability for the project and recommends that the Assembly request the Secretary-General to implement, as a matter of priority, the recommendations issued by the Board of Auditors in this regard. The Committee emphasizes the need to ensure that the project owner, as well as the process owners who have committed to realizing the qualitative and quantitative benefits for the Organization, are granted the requisite level of authority to implement the changes to the business processes and working methods that are embedded in Umoja, and that the project enjoys high levels of collaboration and cooperation throughout the Secretariat.**

14. The Board of Auditors notes that the project team and the Office of Information and Communications Technology are increasingly working together, with the latter making the implementation of the enterprise resource planning project a key priority, as requested by the General Assembly (resolution 67/254, sect. I, para. 11). It emphasizes that the relationship is an important facilitator in delivering the benefits of the project, since a significant level of the resources of the Office will be required to support the enterprise resource planning system, both in the period following implementation and throughout the lifetime of the system, and could lead to a reprioritization of the resources of the Office. **The Advisory Committee has consistently stressed that the implementation of the business process changes that Umoja will bring about will only be possible with significant information technology support (see A/65/576, paras. 32, 38, 41-43; and A/67/770, paras. 31, 47-55, 71). The Committee welcomes the increased coordination and cooperation between the Umoja project and the Office of Information and Communications Technology, as well as with the Information and Communications Technology Division of the Department of Field Support, and encourages continued intensification of such efforts.**

B. Implementation status of Umoja Foundation, Umoja Extension 1 and Umoja Extension 2

15. Details on the timeline for the implementation of Umoja Foundation, Umoja Extension 1 and Umoja Extension 2 by cluster are provided in figure I and paragraphs 19 to 26 of the fifth progress report of the Secretary-General (A/68/375). In the report, the Secretary-General states that only minor changes have been made to the implementation schedule set out in the fourth progress report (see A/67/360, sect. III). He reports that Umoja Foundation was successfully implemented on 1 July 2013 at the pilot sites of UNIFIL and UNSCOL and in their supporting offices at Headquarters, according to specifications and as planned. He further indicates that the system is fully operational in the pilot locations and meets high user satisfaction. The Advisory Committee notes from the summary to the fifth progress report that information on the lessons learned from the pilot deployment of Umoja Foundation at UNIFIL and UNSCOL are to be presented to the Assembly during the main part of its sixty-eighth session. Upon request, the Committee was provided with some details on the lessons learned during the implementation of the pilot, which are provided in annex I to the present report.

16. In the addendum to his report (A/68/375/Add.1), the Secretary-General provides an update on the project since the finalization of the fifth progress report. He indicates that based on the lessons learned during the implementation of the pilot at UNIFIL and at UNSCOL, in particular the complexity of the conversion of legacy data and other predeployment activities, the Steering Committee decided to postpone by 30 days the deployment of Umoja Foundation to all peacekeeping missions (cluster 1) and special peacekeeping missions (cluster 2) to 1 November 2013 and 1 February 2014, respectively. The Secretary-General affirms that the 30-day delay will not have an impact on the timetable of the roll-out to the remaining clusters. As indicated above, the Advisory Committee was informed that Umoja Foundation had been successfully launched on 1 November 2013 at 14 peacekeeping missions and at the Regional Service Centre at Entebbe while the Committee was concluding its consideration of the fifth progress report. The Committee was further informed that 3,000 staff were using Umoja and that training was ongoing. **The Advisory Committee recommends that the General Assembly request the Secretary-General to include, in the presentation to be provided to the Assembly at the time of its consideration of the item (see para. 15 above), information on the roll-out of Umoja Foundation on 1 November 2013 at all peacekeeping operations (cluster 1), as well as an update on the status of the preparatory activities for the implementation of the roll-out at the special political missions (cluster 2) on 1 February 2014.**

17. The Advisory Committee was further informed that, by and large, the design, build and deployment activities of the subsequent phases were proceeding according to plan as follows: (a) Umoja Foundation and Umoja Extension 1 would be fully deployed in the remaining entities by June 2015, with a pilot implementation of Extension 1 at the United Nations Stabilization Mission in Haiti (MINUSTAH) in the first quarter of 2014, except for the payroll of national staff in field missions, which was planned for January 2016; (b) the design of Umoja Extension 2 would be completed by December 2015, followed by the start of the build and test phases in 2016, an initial roll-out of the system in early 2017 and Secretariat-wide deployment by cluster by the end of December 2018. Upon enquiry, the Advisory Committee

was provided with an updated timeline for the project, which is provided in annex II to the present report.

Risks to project implementation

18. The Board of Auditors points out that the timetable of the implementation plan is very ambitious and complex, requiring multiple phases (Umoja Foundation, Umoja Extension 1 and Umoja Extension 2) to be designed, built, tested and deployed in parallel in different clusters, each with a large number of implementing departments and offices. The complexity is further compounded owing to the involvement of multiple build vendors for the different phases of the project. The Board also notes that the plan provides little margin for unforeseen events, and therefore presents a number of risks. In addition, the Board notes that the continuing legacy of past project problems and decisions will take some time to resolve (see A/68/151, summary, and paras. 50 and 52).

19. The Secretary-General cites the following among the highest risks to the project: (a) the tight timeline for the deployment in clusters 1 and 2, with no allowance for any additional time that might be required; (b) the fatigue of some key staff owing to the sustained and high-intensity workload without relief; (c) the fragmentation and lack of global coordination of the information and communications technology structure and resources in the United Nations and the many applications, help desks, networks and tools in place, which pose a risk to the full realization of Umoja benefits; and (d) the delay in the development of the software module being built by the enterprise resource planning vendor for Umoja Extension 1, which has had an impact on the testing schedule and may have an impact on the pilot roll-out at MINUSTAH during the first quarter of 2014 (see A/68/375, para. 38; see also paras. 61-63 below).

20. **The Advisory Committee recognizes the significant risks faced by the project regarding the implementation timeline and budget. It stresses the need for rigorous project planning and project management, and close monitoring of areas of risk and vulnerability in order to resolve emerging issues promptly and to avoid further delay and cost escalation. The Committee also emphasizes the important roles and responsibilities of the project owner and of the Steering Committee in guiding and overseeing the management of the implementation of the project, in fostering cooperation from the relevant Secretariat departments/offices and in facilitating decision-making and the prompt resolution of issues.**

Organizational readiness

21. The Secretary-General discusses organizational readiness in paragraphs 39 to 47 of his report (A/68/375). He indicates that the major challenge affecting the implementation of Umoja according to the schedule and budget set out in the fourth progress report (A/67/360) is the state of the Secretariat's organizational readiness. In addition, the transition to the new system is made more complex by the different ways of working that currently exist in the various departments/offices, their unique conditions and the different levels of readiness to support and adopt Umoja. The Secretary-General provides further information on the specific actions taken to ensure the organizational readiness for deployment of Umoja Foundation and Umoja Extension 1, as well as the efforts in support of organizational change management

and communication and engagement with management and staff in order to ensure increased awareness and acceptance of the Umoja solution.

22. Upon enquiry, the Advisory Committee was provided with a summary table showing the estimated number of total Umoja end users by phase and cluster, which is provided in annex III to the present report. The Committee notes that the total number of Umoja users is expected to exceed 50,000 individuals following the Secretariat-wide deployment of Umoja Extension 1 in 2016. **In view of the large number of users, the Advisory Committee emphasizes that close attention should be paid to coordinating organizational readiness activities related to the implementation of Umoja at each location so as to ensure a smooth deployment of systems, limit the burden on end users and avoid disrupting operational activities.**

C. Project management

23. In the summary to his report (A/68/375), the Secretary-General states that, in the area of project management, progress was made in developing and implementing an integrated project plan allowing for the monitoring of budgets in relation to actual expenditures and against the achievement of project milestones (see also A/68/151, paras. 48-60). The Board of Auditors notes that the project team has been using a project management tool called NOVA since December 2012 and has created a reporting structure to enable activity-based costing from December 2012 onward and better monitoring of planned versus actual expenditure. The Board indicates that the tool is not currently being used to forecast future costs or to report information thereon to the Steering Committee. While noting evidence of increased planning activities, the Board indicates that there remains no single integrated project plan that captures all activities to be undertaken by the project team, system build contractors or the wider United Nations. With regard to expenditure against progress, the Board indicates that the $208.8 million spent as at 31 March 2013 was primarily on the system design, software licences and the build of Umoja Foundation, but that the project was still unable to determine exactly what should have been achieved in return for spending approximately 55 per cent of the project budget.

24. The Board of Auditors stresses further that the need for a detailed integrated plan will become even more acute following the implementation of Umoja Foundation at peacekeeping missions, when the project team will be simultaneously designing, building and deploying multiple phases of the system in multiple locations and working with multiple vendors. Increased efforts will be required to successfully coordinate, manage and control the implementation while containing costs. It reiterates its previous recommendation that the project team finalize its work to establish a methodology linking the budget to milestones and deliverables in order to better support tracking progress against expenditure.

25. **The Advisory Committee shares the view of the Board of Auditors that an integrated project plan is a fundamental tool for managing project performance and is necessary for determining what work remains and how much it will cost to complete it. The Committee reiterates the importance of establishing such a plan and recalls that it has consistently requested, since the launch of the project, that a detailed implementation plan be developed, including project milestones, deliverables and costs as well as baseline information, in order to**

enable the General Assembly to measure progress against targets (see A/67/565, para. 40). The Committee notes that some progress has been made in the development of an integrated project plan and a more detailed timetable. It recommends that the Assembly urge the Secretary-General to fully implement the above-mentioned recommendation of the Board without further delay.

D. Benefits realization

26. The Secretary-General affirms his commitment to realizing by 2019 quantitative benefits ranging between $140 million and $220 million (see A/68/375, paras. 30-36), which will be sustained following implementation.[1] The benefits would be achieved, inter alia, as a result of refined business processes, reduced manual work, and reduced duplication of effort. The potential qualitative benefits remain improved operational effectiveness and timeliness, better accountability, greater transparency, higher client satisfaction, multiple process improvements and the adoption of international best practices and standards. The Secretary-General further indicates that the benefits would start to become evident during the period 2015-2016, but that the full impact would not be felt until 2017-2019. He also emphasizes that not all benefits should be seen as savings and will not result in corresponding budget reductions.

27. The Secretary-General indicates that the Umoja project owner manages the overall process aimed at establishing, committing to and realizing the benefits of the project, supported by the process owners who will commit to the qualitative and quantitative benefits for the Organization. The heads of departments and offices within the Organization will also commit to the benefits realization plans and incorporate them into the appropriate budgeting cycle and budget performance reporting.

28. With regard to the methodology by which development plans will be developed and implemented, the Secretary-General indicates that under the leadership of the project owner, process owners and the Chief Information Technology Officer will work with departments and offices to agree on the actions to be taken to realize quantitative benefits during future budget periods and produce specific benefits realization plans in agreement with the heads of departments and offices. Together with the Umoja project team, they will be actively engaged in refining the statements of benefits for their respective processes, will continually assess the validity of the latest statements of benefits for the processes they are responsible for and will prepare a forecast of the anticipated accrual of benefits, adjusted on the basis of actual performance. Departments and offices will show efficiencies and productivity gains attributable to Umoja, in the appropriate budgeting cycle and in

[1] In the summary to his fourth progress report (A/67/360), in which he sets out the revised deployment strategy that was approved by the General Assembly in its resolution 67/246 and which is currently being implemented, the Secretary-General indicated that, based on the revised Umoja implementation schedule, once Umoja Foundation and Umoja Extension 1 functionalities were rolled out to the five "clusters", the annual benefit was estimated in the range of $80 million to $150 million in 2017, and that after full deployment and stabilization of Umoja Extension 2, a potential $60 million to $80 million of additional annual quantitative benefits could be realized, reaching a combined benefit of anywhere between $140 million and $220 million in 2019. In his first progress report (A/64/380), the Secretary-General estimated the potential annual quantitative benefits that Umoja could deliver to range between $133.9 million to $223.5 million.

their budget performance reporting. The Umoja progress report will include an updated, consolidated summary of Umoja-related efficiencies in order to facilitate the monitoring of achievement against the targets provided to the General Assembly in previous Umoja reports.

29. The Advisory Committee notes from the summary to the report of the Secretary-General that the next step following the deployment of Umoja Foundation in peacekeeping operations is to develop entity benefits realization plans for the Department of Field Support. The exercise is to be jointly undertaken by process owners, the Umoja team, the Office of Programme Planning, Budget and Accounts and the Department of Field Support.

30. In its report (A/68/151), the Board of Auditors comments on the status of the development of benefits realization plans, noting that there is no clear and consistent approach to building benefits realization plans and that there is an absence of defined mechanisms to resolve any disagreement between process owners and the heads of departments or offices about actions regarding the changes in staffing and working practices needed to realize benefits from more efficient working practices. The Board recommends that the Secretariat design, communicate and implement a plan within each business area to exploit the defined benefits of up-to-date and consolidated data from the enterprise resource planning system; and clarify how it intends to realize both the qualitative and quantitative benefits of improved information.

31. **The Advisory Committee emphasizes the importance of setting benefits realization targets with a view to achieving the full potential of the enterprise resource planning system. It also stresses the need to develop credible benefits realization plans that are fully understood by the implementing departments/offices in order to ensure the delivery of intended benefits. It recommends that the Secretary-General be requested to ensure that the heads of the implementing departments/offices be fully engaged in the process and made aware of the goals and objectives of Umoja. The Committee expects that concrete information on the quantitative and qualitative benefits resulting from the implementation of Umoja will be provided in the budgetary proposals as well as in the performance reports for peacekeeping operations as early as possible, and no later than the 2016/17 period.**

32. In its report, the Board of Auditors stresses the need to focus on better use of data from the enterprise resource planning system to deliver benefits and to develop strategies to fully exploit the potential to achieve more efficient and effective administrative processes. In a previous report, the Advisory Committee had emphasized that the enterprise resource planning system should ensure that timely information is available for performance management, oversight and decision-making (see A/60/870, para. 16). In that connection, the Committee recalls that, in his report on enterprise systems for the United Nations Secretariat worldwide, the Secretary-General had stated that the lack of integrated and complete data on resources, both at Headquarters and in the field, was a serious impediment to effective management, planning and decision-making (A/62/510/Rev.1, para. 12). In his first progress report on the implementation of the enterprise resource planning system, the Secretary-General had indicated further that, with a single information repository, the system would provide markedly improved capabilities for timely reporting to Member States and senior management on expenditure, commitments

and project status (A/64/380, para. 22). **The Advisory Committee recommends that the General Assembly request the Secretary-General to ensure that the enterprise resource planning system provide Member States with comprehensive, high-quality, accurate and timely information to facilitate their consideration of and decision-making on administrative and budgetary proposals.**

33. The Advisory Committee recalls that in its resolutions 60/283 and 63/262, in which the General Assembly had decided to replace the Integrated Management Information System with a next-generation enterprise resource planning system and approved the enterprise resource planning project, the Assembly had recalled that the objective of the project was to enhance the effective and transparent use of the resources of the Organization and, in that regard, had emphasized the need to identify tangible and measurable efficiency and productivity gains arising from the project. **The Advisory Committee emphasizes the need to achieve the objective set by the General Assembly for the project when developing benefits realization plans.**

E. Review of the execution of the design phase

34. In its previous report, the Advisory Committee requested the Board of Auditors to review the execution of the design phase and to follow up on the outcome of the "get to green" recovery plan (A/67/565, para. 44). The findings and related recommendations of the Board are set out in paragraphs 65 to 68 of the report of the Board (A/68/151). The Committee notes that the design was initially expected to be completed in the second quarter of 2010. The original not-to-exceed value of the contract with the design vendor was $11 million but by March 2013 the total amount committed to the design vendor had increased to $60.5 million. Furthermore, the Board indicates that, according to a review performed by the software vendor and the Umoja Foundation build vendor, only 40 per cent of the design had met expectations. The remedial action undertaken ("get to green") is estimated to have required approximately 30,000 man hours, at an additional cost of $5.6 million, until it was closed on 31 October 2012, but with some 25 ongoing residual design clarifications remaining. Similar remedial work currently under way for the design of Umoja Extension 1 ("get to build") had cost approximately $2.1 million at the time of the Board's audit. The Committee was informed that by June 2013, the completion rates of the design of Umoja Foundation, Umoja Extension 1 and Umoja Extension 2 were 95, 86 and 40 per cent, respectively. **The Advisory Committee recommends that the General Assembly request the Secretary-General to provide in his next progress report details on the timeline and total costs incurred for the completion of the design of Umoja Foundation, Umoja Extension 1 and Umoja Extension 2, as well as an assessment of the impact of the delays in the finalization of the Umoja design on the overall project timeline and budget.**

F. Procurement of services for the project

35. In its previous report, the Advisory Committee requested the Board of Auditors to provide assurances that the services acquired for the Umoja project were procured in the most economical manner possible (A/67/565, para. 44). The Board indicates that, in response to that request, it reviewed the procurement of the

contract for the design phase as well as of one of the two major build contracts. The findings and related recommendations of the Board are set out in paragraphs 69 to 82 of its report (A/68/151). With regard to the acquisition of the main services for the design phase, the Board indicates that the original contract was established with an estimated upper value of $11 million on a "time and materials" pricing basis. In the light of the substantial difficulties and delays encountered by the project, three extensions to the original contract with the vendor were granted, also on a "time and materials" pricing basis, bringing the total amount of the contract to $60 million (ibid., table 3). The Board indicates that in May 2011, the Secretariat decided to procure henceforth the majority of the enterprise resource planning project contract services on a fixed-price basis (with pricing ceilings) rather than on a time and materials basis, and decided to move from the single vendor approach of the design phase to a multivendor approach with separate contracts for project management and quality assurance, strategic advisory services, organizational change management, and professional technical services. The Board considers that progress has been made through the inclusion of a greater proportion of fixed-price contractor support but is of the view that the rationale for the multivendor, hybrid pricing model does not appear sufficiently developed nor does it take into account the important implications for project delivery. The Board further observes that none of the contracts awarded for design, build, test or deploy have included payments tied to achievement of the enterprise resource planning project objectives.

36. Based on its review of the procurement of services for the design phase and for one of the two major build contracts, the Board of Auditors notes that at the outset of the project, the Secretariat did not effectively engage with the market in a manner that delivered optimal value from vendor contributions. It concludes that the issues around the commercial management of the enterprise resource planning project indicate a systemic weakness in the commercial skills of the Secretariat, particularly when contracting with major global providers for complex services. In the summary to its report, the Board recognizes the considerable commercial skill being demonstrated by the project director in managing the existing commercial arrangements and indicates that since the audit, the Secretariat has presented evidence of how it is actively managing the situation, including the need to strengthen the project team to manage the potential addition of further vendors to the project. The Board recommends that the project team prepare an overarching commercial strategy that seeks, inter alia, to optimize the value from major suppliers to the enterprise resource planning project and that the Administration review the need to develop its commercial skills and ability to support major projects.

37. The Secretary-General indicates in the summary to his fifth progress report (A/68/375) that, in order to resolve the issue of multiple vendors working simultaneously on the Umoja solution, the Steering Committee approved a revised commercial strategy aimed at moving towards a single support service contract with one vendor by 2015 (see also para. 57 below).

38. **The Advisory Committee notes with concern the weaknesses demonstrated in the negotiations for the initial procurement of services for the project, resulting in ineffective and inefficient use of project resources. It notes that a number of contracts for services remain to be procured, including for the design, build, test and deploy activities for Umoja Extension 2. The Committee recommends that the General Assembly request the Secretary-General to ensure that the recommendations of the Board of Auditors be implemented as a**

matter of priority and that future contracts for services for all phases of the enterprise resource planning project be concluded expeditiously on the best possible terms for the Organization.

G. Funding of preparatory activities and indirect costs

39. In paragraph 67 of his fifth progress report, the Secretary-General indicates that a working group on indirect costs was established under the chairmanship of the Assistant Secretary-General for Programme Planning, Budget and Accounts/Controller to review requests for resource requirements. The Advisory Committee was informed that the working group had identified certain activities that, although performed locally by implementing departments/offices, were solely related to Umoja implementation and would be funded under the Umoja budget. The working group had also categorized the activities and related resources requirements that could be considered as indirect costs, such as the collection, cleansing and enrichment of data and costs associated with the necessary upgrading of network infrastructure, which were, in principle, part of the operational responsibilities of the user departments that performed the functions. The Steering Committee endorsed the recommendation of the working group that the implementing departments/offices would perform all readiness tasks within their existing base budgets, in particular non-recurring activities such as data cleansing, through the reprioritization of their administrative and support activities in a manner that did not have a negative impact on the implementation of their core mandates. The Committee was informed that the approach had proved to be effective in delivering the desired results in the context of the implementation of Umoja Foundation at peacekeeping operations.

40. **The Advisory Committee welcomes the pragmatic approach taken to address the question of indirect costs and to establish clearly the roles and responsibilities of the implementing departments/offices as well as the modalities for the funding of preparatory activities. The Committee reiterates its previous recommendation that the General Assembly request the Secretary-General to capture information and report on the level and nature of the indirect costs of preparatory activities borne by the implementing departments/offices.**

H. Project staffing

41. Details on project staffing are provided in paragraphs 59 to 65 of the fifth progress report of the Secretary-General. As indicated, the Umoja project team comprises 90 posts (1 Assistant Secretary-General, 8 D-1, 21 P-5, 37 P-4, 9 P-3, 1 P-2, 13 General Service), of which 78 were encumbered as at 30 June 2013. The project also has available general temporary assistance funds for recruiting subject-matter experts, as required during the different phases of the project.

42. The Secretary-General indicates in his report that, following deployment of Umoja Foundation and Umoja Extension 1 in cluster 3 in July 2014, the project team will be reshaped to support the system and to complete the final design, build, test and deployment of Umoja Extension 2 by early 2017, with a reduction of the number of Umoja core staff posts in three stages, as follows: (a) effective 1 January 2015, the number of core posts will be reduced from 90 to 74, and general

temporary assistance funding for subject-matter expert positions will be reduced in 2014 from 55 to 30; and (b) in 2016 the number of posts will be further reduced from 74 to 50, and general temporary assistance funding for subject-matter expert positions will be reduced from 30 to 20. Upon enquiry, the Advisory Committee was informed that the 74 posts remaining as at 1 January 2015 would comprise 1 Assistant Secretary-General, 1 D-2 (subject to approval by the General Assembly of the current proposal), 3 D-1, 18 P-5, 30 P-4, 5 P-3, 1 P-2, and 15 General Service posts.

Proposed upgrade of the Deputy Project Director post

43. In his fifth progress report, the Secretary-General proposes to upgrade the post of Deputy Project Director from the D-1 to the D-2 level. He indicates that the Deputy Project Director will oversee the day-to-day operation of the programme, the interaction with the systems integrator, and the escalation and management of risks and progress, in addition to leading the organizational change management team, while the Project Director will be dedicated to engaging the project stakeholders and senior managers of departments and offices. The Secretary-General further indicates that the proposed upgrade is related to the more complex and challenging tasks that will be faced by the Umoja team in the next phases of the project, as outlined in paragraph 64 of his report.

44. Upon enquiry, the Advisory Committee was provided with further details on the justifications of the Secretary-General in support of the proposed upgrade. It was also informed that a request for a reclassification of the Deputy Director position from the D-1 to D-2 level had not been requested, but that a formal request for reclassification and subsequent preparation of a detailed job description would be completed following the approval of the General Assembly. **In the light of the above and the envisaged evolution of the project team, the Advisory Committee is of the view that the proposed upgrade is not justified. Furthermore, the Advisory Committee recalls that the project team was recently strengthened when the General Assembly decided, in its resolution 66/263, that the position of Umoja Project Director would be at the level of Assistant Secretary-General, with effect from 1 July 2012. The Committee recommends against the approval of the proposal of the Secretary-General to upgrade the Umoja Deputy Project Director post from the D-1 to D-2 level.**

Enterprise resource planning skills

45. In his previous report, the Secretary-General had noted the difficulties experienced in hiring staff with the requisite knowledge of the selected enterprise resource planning software and the high consultancy rates that prevail in the private sector (see A/67/360, para. 108 (b)). It had stressed the need to strengthen in-house capacity and put into place mechanisms for transferring knowledge from consultants to programme and project staff in order to prepare for the institutionalization of Umoja technical support (A/67/565, paras. 57 and 82). The Secretary-General indicates that the focus of recruitment in 2013 was to increase the enterprise resource planning skills of the Umoja team and that the number of staff with the requisite essential experience has grown from fewer than 10 staff to more than 20 staff during the reporting period (see A/68/375, para. 63). Upon enquiry, the Advisory Committee was informed that a training/skills development plan was being implemented to enhance and reinforce technical skills in the enterprise

resource planning software used by the United Nations for some 80 Umoja staff members, including subject matter experts who will return to their parent offices on completion of their assignment periods. **The Advisory Committee welcomes the progress made towards strengthening enterprise resource planning skills within the Secretariat. The Committee recommends that the General Assembly request the Secretary-General to further develop in-house expertise on the enterprise resource planning system and ensure the transfer of knowledge from consultants to programme and project staff with a view to ensuring in-house capacity to implement, support and maintain Umoja autonomously, to the extent possible.**

I. Future Umoja support team

46. The Secretary-General provides some information on the post-implementation arrangements for the support and maintenance of the enterprise resource planning project in paragraph 57 of the fifth progress report. He indicates that after the start of the roll-out of Umoja Extension 2 in early 2017, the Umoja project team will be succeeded by a Umoja support team, responsible for managing, maintaining and enhancing the new system in the production environment. Some of the remaining core posts of the Umoja project team will become part of the proposed future Umoja support team. At this stage, it is envisaged that the Umoja support team would be integrated into the programme of the Office of Information and Communications Technology and would operate under the umbrella of various information and communications technology (ICT) units. The team would include 30 to 40 core staff, supported by process experts reporting to the process owners, a small cadre of subject matter experts and a third-party application support services vendor. The cost of staff, contractual services and software licence costs are preliminarily estimated to range between approximately $25 million and $30 million annually. The Management Committee would be the paramount authority in the Umoja support team governance structure and would monitor team performance from a strategic perspective. The Secretary-General further indicates that the organizational structure, governance mechanisms, roles and responsibilities and standard operating procedures of the support team are being developed in close coordination with the Chief Information Technology Officer to determine the post-production support model for Umoja.

47. The Advisory Committee notes that the Secretary-General has provided, for the first time, an indication of the future support requirements for the operations of the enterprise resource planning system, including the cost of staff, contractual services and software licences. The Committee recalls that in its report addressing the first progress report on the implementation of Umoja (A/64/7/Add.9, para. 87), it had expressed its view that an estimate of future maintenance and upgrade costs was an essential input for informed decision-making on the proposals of the Secretary-General for the implementation of an enterprise resource planning system and had requested that an estimate of a range of future operating costs be provided to the General Assembly. Subsequently, the Committee had requested that the future costs of operations and upgrading of the system be estimated as part of an analysis of the total cost of ownership of Umoja (A/66/7/Add.1, paras. 53-55).

48. The Advisory Committee requested additional information on the life expectancy of Umoja and the number of years the system was expected to be used

before an upgrade would be required. It was informed that the life expectancy of Umoja was expected to exceed 20 years. The reliability of the vendor as a supplier with over 40 years of industry experience had been one of the deciding factors in selecting the Systems, Applications, Products in Data Processing (SAP) software. Furthermore, the system would need to be kept up-to-date, in order to incorporate new functional requirements as well as improvements incorporated by the software vendor. **The Advisory Committee recommends that the General Assembly request the Secretary-General to provide in his next progress report further information on the requirements for keeping the enterprise resource planning system up-to-date and on the frequency of upgrades to the system.**

49. **With regard to the initial estimate of the Secretary-General of an annual requirement of $25 million to $30 million to cover the costs of staff, contractual services and software licences, the Advisory Committee emphasizes the need to also provide estimates of the resources that are expected to be released as a result of the decommissioning of the systems that would be replaced by Umoja and that would no longer need to be supported in the future. The released resources would, in principle, offset the post-implementation support costs of Umoja. The Committee emphasizes the need to take into account information on the post and non-post resources required to support the systems to be decommissioned, including the systems currently owned and/or supported by other Headquarters departments, field missions and offices away from Headquarters. Furthermore, the Committee considers that the financing of future Umoja support costs should be based on the cost-sharing formula applied for apportioning the costs of the Umoja project among regular budget, peacekeeping and extrabudgetary resources.**

50. **The Advisory Committee notes the efforts made to estimate the requirements and plan for the transition of the support for the enterprise resource planning system from project to programme staff and looks forward to receiving information on the organizational structure, roles and responsibilities of the envisaged Umoja support team in the context of the sixth progress report. The Committee recommends that the General Assembly request the Secretary-General to continue to refine his analysis of the post-implementation requirements of Umoja, including options for the financing of the requirements.**

51. **The Advisory Committee questions the rationale for the envisaged replacement of the project team in early 2017, at the beginning of the deployment of Umoja Extension 2. The Committee reiterates that the authority and leadership of the project governance and management structures will be required to deliver the project as planned, and believes that the dismantling of the project team prematurely presents risks that Umoja Extension 2 might not be implemented effectively. The Committee further reiterates its previous recommendation that the project team should be maintained until the completion of the full deployment of Extension 2, without excluding, however, the need to make adjustments to the size and composition of the team and to provide most of the required expertise in-house.**

52. **In that connection, the Advisory Committee also reiterates that the complete scope of the Umoja project must be delivered as approved by the General Assembly in its resolution 67/246 with the full scope and functionality of Umoja Foundation, Umoja Extension 1 and Umoja Extension 2 phases (see**

also A/67/565, annex IV), in order to protect the investment already made by Member States and to realize the expected benefits of the system. The Committee cautions against any approach that would result in the descoping of the project, in particular of Umoja Extension 2, which comprises some of the key functions to be automated, including planning and programming, supply chain management and budget formulation. The Committee recalls that the poor coverage of such functions under existing systems was one of the main factors leading to the decision to implement an enterprise resource planning system.[2] Failure to deliver the complete Umoja project would essentially achieve only a costly replacement of the Integrated Management Information System and perpetuate the weaknesses of the current outmoded and stand-alone information systems.

J. Resource requirements and expenditures to date

53. Section IV of the fifth progress report (A/68/375, paras. 68-87) provides an overview of expenditures incurred since 2008, as well as details on expenditure for 2012, and estimated requirements for 2013, and revised requirements for 2014 and 2015. The Secretary-General indicates that the overall project requirements presented in the fourth progress report were estimated at $348,138,500 for the period to 31 December 2015, and that the regular budget share of those requirements in the amount of $35,927,900 has been reflected in the context of the proposed programme budget for the biennium 2014-2015 under section 28A, Office of the Under-Secretary-General for Management.

54. The General Assembly, in resolution 67/246, approved the revised plan for the implementation of Umoja. The Secretary-General indicates that, taking into account the recent period of intensive build and deployment activity, current projections of the overall requirements for the period to 31 December 2015 have increased by $12,718,300 to the estimated amount of $360,856,800. However, every effort is being made to complete the deployment of Umoja Foundation and Umoja Extension 1, as well as to finalize the design blueprint and baseline configuration for Umoja

[2] In presenting his arguments in support of the acquisition of an enterprise resource planning system (see A/60/846/Add.1 and A/62/510/Rev.1), the Secretary-General stated that the existing fragmented, outdated and duplicative systems could not accommodate the functional and technical capabilities required for the implementation of the management reforms launched in response to the World Summit Outcome (see General Assembly resolutions 60/1 and 60/283), such as the adoption of the International Public Sector Accounting Standards, results-based budgeting and management, supply chain management, enhanced internal controls, improved reporting and mechanisms to manage staff mobility. On the basis of the proposals put forward by the Secretary-General in his report on enterprise systems for the United Nations Secretariat worldwide (A/62/510/Rev.1), the General Assembly stressed the need, in its resolution 63/262, to implement a global enterprise resource planning solution. The main functions to be covered by the enterprise resource planning system, as outlined in the report of the Secretary-General, included: (a) programme planning, budgeting, contributions and performance; (b) human resources management and administration; (c) payroll, including management of benefits and contribution to pension, medical and insurance schemes; (d) supply chain management, including procurement; (e) assets and facilities management; (f) general accounting, travel and other administrative flows; (g) reporting to management and stakeholders; and (h) functions specific to peacekeeping operations in the areas of logistics, transportation, fuel and rations systems and other requirements that are not common in other organizations of the United Nations system (see A/67/565, paras. 51 and 52).

Extension 2, within the overall proposed requirements presented in the fourth progress report. The Secretary-General therefore does not seek funding for the additional amount at this juncture, as efforts will be made to contain costs during 2014. Updated requirements for 2015, as well as projected resource requirements for 2016 and 2017, will be presented in the sixth progress report, taking into account updates on the progress of the project.

55. With regard to the biennium 2012-2013, the Advisory Committee notes from table 5 of the report of the Secretary-General that expenditure for 2012 amounted to $58.4 million, representing a decrease of $6.9 million, or 10.5 per cent, compared with the estimates projected in the fourth progress report, owing mainly to delays in the procurement process for hosting services (see A/68/375, para. 83). The revised requirements for 2013 (ibid., table 6) amount to $80.0 million, reflecting an increase of $10.4 million, or 14.9 per cent, compared with the estimates presented in the fourth progress report. The increase in 2013 is mainly attributable to higher than planned requirements under contractual services ($5.4 million) for completion of the design, build and deployment of Umoja Foundation piloted in July 2013 and readiness preparation for the roll-out of cluster 1; and under furniture and equipment ($8.9 million) for hosting services which were previously categorized under contractual services. The increase is offset in part by lower than projected expenditure under consultants and experts ($1.5 million); travel of staff ($1.4 million); and general operating expenses ($0.5 million). The cumulative estimated expenditure for the biennium 2012-2013 is projected at $138.4 million, reflecting an increase of $3.5 million (2.6 per cent) over the projected expenditure of $134.9 million (ibid., table 7).

56. The revised requirements for 2014 and 2015 are presented in tables 8 and 9 of the fifth progress report, respectively. The Secretary-General proposes a total amount of $58.6 million in 2014 and $45.5 million in 2015, reflecting higher than previously estimated resources of $7.2 million in 2014 and $2.0 million in 2015. The increases are mainly attributable to higher requirements under contractual services for the provision of expertise in enterprise resource planning systems, offset in part by lower than previously estimated requirements under consultants ($1.2 million) and travel of staff ($1.1 million) in 2014, and under posts ($2.4 million), other staff costs ($3.9 million), consultants ($1.2 million) and travel of staff ($1.4 million) in 2015. The increased resources proposed under contractual services would cover: (a) the build of business intelligence, integration and testing of Umoja Foundation and Umoja Extension 1, as well as readiness activities for deployment in clusters 2 and 3 in 2014; and (b) the completion of the build of Umoja Extension 1 and the design of Umoja Extension 2 in 2015. The report does not cover the resources required for the build and deployment of Extension 2 in the period 2016-2017.

57. The Advisory Committee requested further details on the steps taken to contain the cost increases projected in 2014 and 2015 under contractual services, and furniture and equipment. It was informed that the requirements under contractual services had been carefully assessed against the workplan and had taken into account the complexity of requirements for 2014 and 2015. In conjunction with the Procurement Division, the Umoja team was progressing towards the consolidation of the multiple vendor and systems integrator contracts into one single vendor contract in order to reduce risks and overhead and to benefit from economies of scale (see para. 37 above).

K. Global service delivery model

58. The Board of Auditors continues to emphasize the need to agree on a future service delivery model for the United Nations, which, in its view, should have been designed in advance of the enterprise resource planning project. It warns that the absence of such a model could result in future costs to retrofit enterprise resource planning implementation and also undermine the accountability of the Secretariat for delivering the full scope of the project on time and within budget and for delivering the associated benefits.

59. The Secretary-General indicates that a new service delivery model will be defined as the process of business re-engineering under Umoja processes and that, as directed by the General Assembly, he will present a proposal on the future service delivery model at a later session (see A/68/375, para. 37). Upon enquiry, the Advisory Committee was informed that the current priority of the Secretariat was to deliver the full scope of Umoja and that the Secretariat was addressing only those adjustments in service delivery that were a prerequisite to the implementation of an enterprise-wide enterprise resource planning solution. Furthermore, the benefits expected to be realized by 2019 in the range of $140 million to $220 million were related exclusively to the business re-engineering and harmonization of processes under the current Umoja implementation process and did not include potential benefits to be derived from the opportunities of a new service delivery model. The Committee was further informed that the future service delivery model would involve the consolidation of certain transactional administrative backstopping functions into shared service centres that might require relocation of staff. **The Advisory Committee reiterates that any new service delivery model for the United Nations must be approved by the General Assembly. The Committee recommends that the Assembly request the Secretary-General to submit a report containing proposals for the global service delivery model as soon as possible.**

L. Security

60. The Advisory Committee requested additional information on the measures taken to ensure appropriate security for the new system, the funding set aside for that purpose and the lessons learned on the matter from the initial implementation of Umoja at peacekeeping operations. The Committee was informed that security for the Umoja solution was provided at multiple levels: (a) physical infrastructure security was provided at the enterprise data centres at the United Nations Support Base in Valencia, Spain, and at the United Nations Logistics Base in Brindisi, Italy; (b) network security was provided by the United Nations local area network, using existing licences for the security software; and (c) user access rights were managed by a Umoja application security team, which was an integral part of the Umoja support team. The Committee was further informed that a number of measures had been taken as part of the action plan to strengthen information security across the Secretariat (see A/68/552). Furthermore, Umoja implementation was fully compliant with the current information security policies issued by the Office of Information and Communications Technology. With regard to the initial implementation of Umoja at peacekeeping missions, the Committee was informed that the system was running smoothly and that, to date, the connection to Brindisi and Valencia was also working as expected without any security concerns. There had been no unauthorized

entries into the United Nations system through the enterprise resource planning system. However, the Committee was informed that, even though the Umoja system was fully compliant with internal security policies, owing to the increasing need for interconnectivity and the interdependence of the Secretariat ICT systems, an attack or intrusion into any of the United Nations systems could lead to a compromise everywhere, and that all systems needed to be protected equally (see A/68/552).

M. Cooperation with other United Nations system organizations

61. In paragraph 24 of his report, the Secretary-General indicates that the implementation of Umoja Extension 1 is dependent on the timely completion of the 54 different elements of the human resources and travel entitlements module, which was delivered four months later than expected. The Advisory Committee requested additional information on how those functionalities were provided in the enterprise resource planning solutions used by other entities using the same enterprise resource planning software as the United Nations, such as the World Food Programme (WFP) and the United Nations Children's Fund (UNICEF), and whether any effort had been made to share or reuse the solutions used by those entities or to collaborate with them in that regard. It was informed that the human resources management, payroll and travel processes of the Secretariat were considerably different from those of other United Nations system organizations and that the changes required were more complex than originally envisaged by the vendor. The United Nations was using the human resources payroll component for non-profit organizations of the enterprise resource planning software, originally developed by the vendor for UNICEF, which provided only limited automation for several United Nations processes. Subsequently, a number of enhancements had been developed for WFP but that solution was not available to other United Nations organizations owing to the contractual agreement between the vendor and WFP. Only some of the enhancements developed for WFP were later mainstreamed in the standard human resources and payroll for non-profit organizations component of the enterprise resource planning software used by the United Nations.

62. In this connection, the Advisory Committee notes from the report of the Joint Inspection Unit (A/68/344 and Add.1) that although there is no coherent enterprise resource planning strategy in the United Nations system, the implementation of enterprise resource planning-systems has led to a certain degree of harmonization of business processes across the United Nations system owing to a number of factors, including: (a) the increasing implementation of standard, non-customized enterprise resource planning solutions; (b) the convergence of functionalities offered by enterprise resource planning system providers; (c) the sharing of enterprise resource planning systems among some of the organizations (United Nations Development Programme, United Nations Population Fund, United Nations Office for Project Services); and (d) system-wide adoption of the International Public Sector Accounting Standards (IPSAS). In addition, it is indicated that UNICEF is spearheading efforts to work closely with WFP and the vendor of the enterprise resource planning software used by the United Nations to enhance the software to develop a standard IPSAS-compliant United Nations common system solution, along similar lines as a non-profit organization's solution for payroll. The report of the Joint Inspection Unit also discusses the issues of collaboration in enterprise resource planning support and negotiations with enterprise resource planning

providers, including options for increasing system-wide enterprise resource planning collaboration and better positioning United Nations system organizations in their negotiations with such providers (see A/68/344, paras. 108-123).

63. **The Advisory Committee continues to emphasize the need to intensify collaboration between the Secretariat and other United Nations entities using the same enterprise resource planning solution. It believes that the aforementioned increased harmonization of business processes across the United Nations system provides further opportunities for sharing common solutions and for achieving more cost-efficient enterprise resource planning implementation, maintenance and evolution. The Committee recommends that the General Assembly request the Secretary-General to engage with the other United Nations entities using the same enterprise resource planning software, as well as with relevant vendors regarding opportunities for collaboration on and sharing of software solutions, and to report on the matter in his next progress report.**

IV. Conclusions and recommendations

64. **The actions requested of the General Assembly are set out in paragraph 91 of the fifth progress report of the Secretary-General on the enterprise resource planning project. Subject to its comments and recommendations in the paragraphs above, the Advisory Committee recommends that the Assembly take note of the fifth progress report. The Committee also recommends that the General Assembly:**

Regular budget

(a) **Approve the amount of $35,927,900, as presented under section 29A of the proposed programme budget for the biennium 2014-2015, Office of the Under-Secretary-General for Management, representing the regular budget share for the Umoja project (A/68/6 (Sect. 29A));**

Support account for peacekeeping operations

(b) **Note that requirements in the amount of $20,054,700 will be included in the subsequent requirements for the support account for peacekeeping operations for the financial period from 1 July 2014 to 30 June 2015;**

Extrabudgetary resources

(c) **Note that requirements in the amount of $7,439,600 will be funded from extrabudgetary resources in the financial period from 1 January 2014 to 31 December 2015.**

Annex I

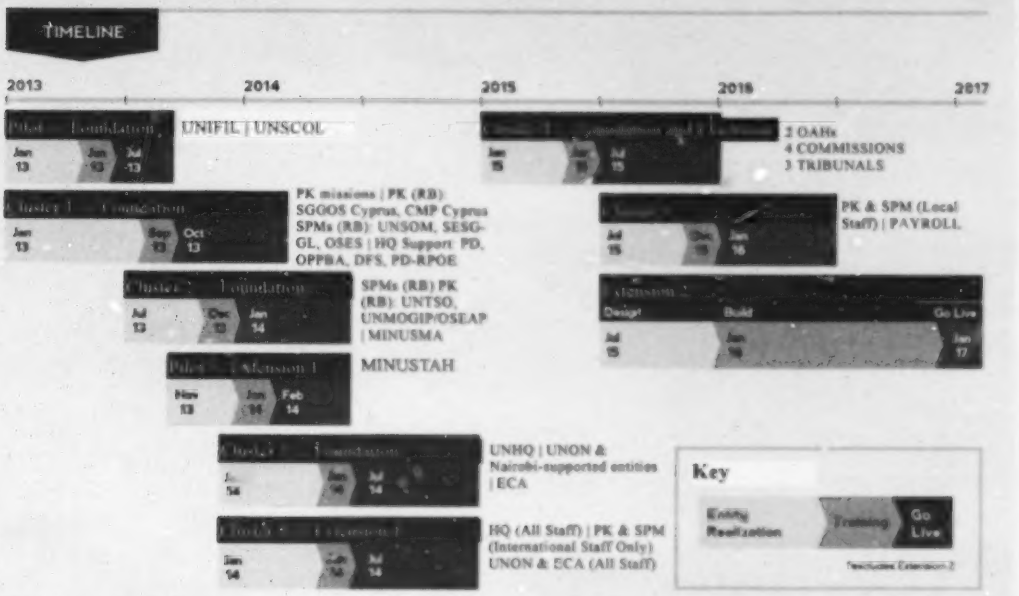
Lessons learned during the pilot implementation of Umoja at the United Nations Interim Force in Lebanon and the United Nations Special Coordinator Office for the Middle East Peace Process

The main lessons learned during the pilot deployment and the post go-live support period can be summarized as follows:

- The technical solution (processes, systems and user support) is proving to be solid and stable. Reported incidents have been minor when compared to those which have been experienced in similar large enterprise resource planning implementations.
- The foreseen complexities of migrating from disparate "as is" operating models to a common "to be" model proved more challenging than expected, limiting the capacity to automate some data migration activities and consequently requiring further customization of the planned migration processes for each mission.
- Data management proved to be the most important concern. The historical practice of managing the Organization under a "silo" paradigm has made data cleansing and reconciliation extremely challenging, sometimes requiring the review of existing policies. Missions are therefore performing additional labour-intensive tasks to fulfil the requirements to go live with Umoja. The challenges are related to the functional silos within any given peacekeeping operation, where procurement, accounting, logistics and human resources activities are carried out using stand-alone, disconnected applications that repeat the same unreconciled data elements in each system. Furthermore, master data requirements also demand reconciliation of business partners (vendors, implementing partners and human resources) across all peacekeeping operations.
- Additional guidance was issued to enrich information in transactions to allow the proper conversion before uploading to Umoja.
- Readiness plans were refined and revised to cover both clusters 1 and 2, and dedicated resources are now also devoted to readiness activities for clusters 3 and 4.
- Adjustments were made to the composition of local teams and their governance structures to facilitate the resolution of cross-functional issues.
- The disparity of standards, tools and support models in use in the different information and communications technology units across the Secretariat have added complexity to the project, and several important issues must be resolved as a prerequisite for Umoja implementation.
- More steps need to be taken to address the challenges associated with the overlapping nature of the phased deployment approach and with staff fatigue. For example, as some entities enter into production, which requires post-implementation support, others are in different stages of pre-implementation. An assessment of how to mainstream the responsibility for post-implementation support as quickly as possible is an ongoing "to-do" item.

Annex II

Updated timeline for the project as at 11 October 2013



Umoja Foundation
Functionality: finance (funds management and financial accounting), supply chain (real estate, plant maintenance, logistics execution, and procurement), project management, and sales and distribution (third-party procurement services and billing). Umoja Foundation is essential to support IPSAS requirements.

Umoja Extension 1
Functionality: organizational and position management, personnel administration, entitlements, benefits, time management, payroll, travel initiation, travel expenses and online booking.

Umoja Extension 2
Functionality: budget formulation, force planning, programme management, supply chain planning, warehouse management, conference and event management, full grants management and commercial activities.

Entity realization
A 6-month phase preceding pilot cut-over that includes the following activities:
(a) Configuring the global template;
(b) Considering local and pilot requirements in the development system;
(c) Testing the configuration in the quality assurance system;
(d) Conducting system performance, user integration and validation testing;
(e) Carrying out end-user training.

(Footnotes on following page)

(Footnotes to chart)

Note: Status as at 11 October 2013:

- For Umoja Foundation, the design phase has been fully completed and the build phase has reached 95 per cent.
- For Umoja Extension 1, the design phase is 92 per cent complete and the build phase is 70 per cent complete.

For Umoja Extension 2, the design phase has reached 40 per cent, while the build phase is yet to begin as it is scheduled from January 2016 onwards.

Abbreviations: CMP Cyprus, Committee of Missing Persons, Cyprus; DFS, Department of Field Support; ECA, Economic Commission for Africa; HQ, Headquarters; MINUSMA, United Nations Multidimensional Integrated Stabilization Mission in Mali; MINUSTAH, United Nations Stabilization Mission in Haiti; OAH, offices away from Headquarters; OPPBA, Office of Programme Planning, Budget and Accounts; OSEAP, Office of the Special Envoy for Pakistan; OSES, Office of the Special Envoy of the Secretary-General for the Sahel; PD, Procurement Division; PK, peacekeeping; RB, regular budget; RPOE, Regional Procurement Office, Entebbe, Uganda; SESG-GL, Special Envoy of the Secretary-General for the Great Lakes Region; SGGOS, Good offices of the Secretary-General in Cyprus; SPM, special political mission; UNHQ, United Nations Headquarters; UNIFIL, United Nations Interim Force in Lebanon; UNMOGIP, United Nations Military Observer Group in India and Pakistan; UNSCOL, Office of the United Nations Special Coordinator for Lebanon; UNSOM, United Nations Assistance Mission in Somalia; UNTSO, United Nations Truce Supervision Organization.

Annex III

Estimated number of Umoja end users by phase and clusters as at August 2013

Date	*Phase*	*Location*	*Estimated number of users*	*Total*
1 July 2013	Pilot (Foundation)	UNIFIL, UNSCOL and UNHQ	700	700
1 November 2014	Cluster 1 (Foundation)	PK missions and UNHQ	3 000	3 700
1 February 2014	Cluster 2 (Foundation)	SPMs and UNHQ	1 000	4 700
1 March 2014	Pilot (Umoja Extension 1)	MINUSTAH and UNHQ	1 500 (ESS)	6 200
1 July 2014	Cluster 3 (Foundation and UE1)	UNHQ, UNON, ECA and PKs, SPMs (International staff)	25 000	31 200 (ESS)[a]
1 July 2015	Cluster 4 (Foundation and UE1)	UNOG, UNOV, ECE, ECLAC, ESCAP and ESCWA	18 000	49 200 (ESS)[a]
1 January 2016	Cluster 5 (UE1)	PKs and SPMs (local staff)	1 500	50 700 (ESS)[a]

Abbreviations: ECA, Economic Commission for Africa; ECE, Economic Commission for Europe; ECLAC, Economic Commission for Latin America and the Caribbean; ESCAP, Economic and Social Commission for Asia and the Pacific; ESCWA, Economic and Social Commission for Western Asia; MINUSTAH, United Nations Stabilization Mission in Haiti; PK, peacekeeping; SPM, special political mission; UE1, Umoja Extension 1; UNIFIL, United Nations Interim Force in Lebanon; UNOG, United Nations Office at Geneva; UNON, United Nations Office at Nairobi; UNOV, United Nations Office at Vienna; UNSCOL, United Nations Special Coordinator Office for the Middle East Peace Process.

[a] With the introduction of Umoja Extension 1, functionality known as Employee Self Service (ESS) will be deployed. ESS will enable staff to manage their entitlements and benefits independently, thereby vastly increasing the number of Umoja end users.